
State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2003

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
02	1	<p>Finding: The Department of Community, Trade and Economic Development did not prepare and submit required financial reports for the Low Income Home Energy Assistance program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.568 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The required reports that CTED failed to submit were pursuant to a new requirement overlooked by agency staff. As soon as it was brought to their attention, staff immediately submitted the required financial reports (June 14 and 17, 2002).</p> <p>To preclude a similar mistake in the future, CTED is implementing two new administrative procedures:</p> <p>A grant profile will be prepared on each new federal award received. This profile, prepared by the Accounting Services Office of CTED, will summarize all important program and financial information elements of the award as well as all requirements. The profile will become part of the award file. As of August 2003, the Accounting Office had completed a profile for every award being administered by the agency.</p> <p>To assist the Accounting Office in preparation of the profile, CTED is developing a federal award cover sheet that will be completed by the agency division receiving a federal award. The cover sheet will highlight program and administrative compliance requirements, including reporting requirements, included in the terms and conditions of an award document. The federal award cover sheet will be forwarded immediately to the Accounting Services Office along with a copy of the award. The federal award cover sheet is presently in draft review status with implementation targeted for July 1, 2004.</p> <p>Completion Date: June 17, 2002</p>

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
02	2	<p>Finding: The Department of Health should improve monitoring of subrecipients and ensure compliance of vendors for the HIV Care Formula Grants program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.917 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The DOH has made enhancements to its existing subrecipient monitoring program that improves the documentation of subrecipient and vendor compliance requirements. The DOH has also developed additional procedures to bolster review of both subrecipient and vendor fiscal and program performance:</p> <ul style="list-style-type: none"> • The HIV Care Formula Grant Program is just one of several DOH federally funded programs included in an on-site monitoring program of local health jurisdiction subrecipients (governmental entities). Each jurisdiction is now scheduled for an on-site visit on a three-year cycle. In Fiscal Year 03, the DOH completed on-site monitoring for 25 percent of the local health jurisdictions. The first monitoring cycle will be completed by June 2005. • For all other (non-governmental) entities, the DOH is requiring documentation supporting all expenditures be submitted with each request for payment on the contract. • The DOH is also requiring that the vendor, contracted to provide medical insurance for eligible clients under the Early Intervention Program, comply with the provisions of the contract, including the submission of stipulated supporting documentation. <p>Completion Date: Estimated, June 2005</p>	

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
02	3	Finding:	The Employment Security Department is not complying with client eligibility requirements for the Unemployment Insurance (UI) program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.225</td><td>\$13,376</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.225	\$13,376
<u>CFDA #</u>	<u>Amount</u>						
17.225	\$13,376						
		Status:	Corrective action complete				
		Corrective Action:	Authorization and implementation of an extended benefits component to the UI program in January of 2002 resulted in the ESD being unable to document work search efforts using agency-automated systems. As an interim solution, the ESD required paper work search records that claimants were to submit with their weekly claims. Claimants were not paid without these records. This manual system was employed until the ESD was able to reprogram its automated systems effective April 15, 2002. After that date, the ESD systems had the ability to capture and store electronically the claimant's work search effort. The questioned costs represent claims for which the ESD was unable to assemble the paper records at the time of audit. It is the ESD position that claimants were not ineligible, rather their work search records were unavailable for review. The situation was temporary and corrected as of April 15, 2002. The ESD has received a letter from the regional office of Department of Labor recommending that the questioned costs be allowed.				
		Completion Date:	April 15, 2002				

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan		
02	4	Finding:	The Employment Security Department did not comply with regulations for allocating payroll costs for four Department of Labor federal programs.	
		Questioned	<u>CFDA #</u>	<u>Amount</u>
		Costs:	17.207	\$ 89,069
			17.225	32,080
			17.258	105,125
			17.260	<u>48,403</u>
		Total		<u>\$274,677</u>
		Status:	Corrective action in progress	
		Corrective Action:	The ESD has re-issued time reporting guidelines to all management that must be followed by all employees. In addition, several management briefings have been conducted statewide to ensure there is good understanding of proper time reporting practices and their underlying principles. The ESD is currently in the process of transitioning to a new accounting system. As part of this transition, additional time reporting training will be occurring. There has been improvement in agency time reporting as evidenced by the continuing reduction in the number of exceptions identified by the auditors and the resulting questioned costs.	
		Completion		
		Date:	Estimated, June 2004	

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Military Department (WMD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
02	5	Finding:	The State of Washington Military Department did not comply with federal requirements for time and effort reporting, prevailing wages and suspension and debarment.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>12.401</td><td>\$51,527</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	12.401	\$51,527
<u>CFDA #</u>	<u>Amount</u>						
12.401	\$51,527						
		Status:	Corrective action in progress				
		Corrective Action:	<p><u>Time and Effort Reporting</u></p> <p>The one employee that generated the questionable cost is now completing monthly time sheets. The draft of the policy and procedure for time and effort reporting is still being worked on. There are a number of employees completing semi-annual certifications without the policy and procedures being finalized.</p> <p><u>Payment of Prevailing Wage (Davis Bacon)</u></p> <p>The WMD reviewed the Davis Bacon requirements with the National Guard Bureau and found that the Davis Bacon act only applies to specific environmental clean up contracts in reference to the Master Cooperative Agreement. The WMD is complying with all Davis Bacon requirements for these types of contracts. The WMD is including the necessary requirements in contract terms and conditions that are processed directly by the WMD (delegated). The WMD is also working with the State Department of General Administration (GA) to ensure that similar provisions are included in the terms and conditions of contracts processed by GA (non-delegated). As was noted in the audit, contractors are using state prevailing wage rates that are comparable to, and in most cases higher than, federal prevailing rates.</p> <p><u>Suspension / Debarment</u></p> <p>Contract language for both delegated and non-delegated contracts has been changed to incorporate suspension and debarment language in the terms and conditions. A certificate has also been developed and provided to contractors so that they can file the necessary certification to the WMD.</p>				
		Completion Date:	Estimated, February 2004				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
02	6	<p>Finding: The Department of Social and Health Services, Division of Vocational Rehabilitation, does not have adequate internal controls over the processing of expenditures for client services.</p> <p>Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Division of Vocational Rehabilitation has taken, or will complete, the following corrective actions:</p> <ul style="list-style-type: none"> Established internal controls for the separation of duties within the Service Tracking and Reporting System (STARS). STARS was updated to electronically ensure that separation of duties are maintained. Completed May 2003. In terms of warrants sent to the originating office, the Division will strengthen the cash controls and provide training to ensure separation of duties for the handling of cash items. The Division will also implement a "Separation of Duties" policy. Estimated to be completed by April 2004. The Division has updated Supervisory Authorization for Purchase (AFP) review policy and established a STARS automated report to include exceptions for Supervisors and Chiefs to review. Completed March 2003. The Division will be updating its procedures manual to include provisions on when receipts or certifications are required with regard to purchasing customer travel (such as mileage, meals and lodging). Procedures will include requirements on the AFP for proper documentation of what is being purchased. Estimated to be completed by February 2004. <p>Completion Date: Estimated, April 2004</p>	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
02	7	Finding:	The Department of Social and Health Services, Division of Child Support, did not have adequate supporting documentation for printing and payroll costs.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.563</td><td>\$38,086</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.563	\$38,086
<u>CFDA #</u>	<u>Amount</u>						
93.563	\$38,086						
		Status:	Corrective action complete				
		Corrective Action:	<p>The Division of Child Support Services (DCS) completed the following corrective actions:</p> <p><u>Printing Costs</u></p> <p>The auditors have approved the use of Job Cost Sheets as adequate payment documentation. In the cases where Job Cost Sheets do not apply, purchase orders from the State Printer are used to verify invoices. These include printer paper orders where the State Printer acquires the paper through a bid process. The Division now requires Job Cost Sheets and/or State Printer purchase orders for all State Printer invoice billings. The Accounts Payable desk manual has been revised to include procedures for correctly handling the nondescript invoices and what is the acceptable form of invoice to document what has been received.</p> <p><u>Payroll Costs</u></p> <p>The Division has developed and implemented a Corrective Action Plan (CAP) to correct the problem where non-Division employees failed to complete required time sheets to support time charged to the federal program. As part of the CAP, the DCS will review federal regulations regarding staff charges, and establish time and effort documentation where necessary. In a Letter of Determination, dated November 24, 2003, from the HHS Regional Administrator, the questioned costs of \$38,086 were recognized as returned on the September 30, 2003 OSCE-396A (Part 1 & 2).</p>				
		Completion Date:	September 2003				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
02	8	Finding:	The Department of Social and Health Services, Economic Services Administration, does not perform adequate or timely reviews to ensure the allowability of child care payments made to clients and vendors from federal and state funds.						
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.575</td><td>\$809,919</td></tr><tr><td>93.596</td><td>\$424,000</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$809,919	93.596	\$424,000
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$809,919								
93.596	\$424,000								
		Status:	Corrective action in progress						
		Corrective Action:	<p>The Economic Services Administration (ESA) completed the following corrective actions:</p> <ul style="list-style-type: none">• The Division of Child Care and Early Learning (DCCEL) and the Community Services Division (CSD) have issued a joint memo to regional management staff requiring the immediate implementation of the required supervisory reviews. Completed December 2002.• The DCCEL headquarters staff has been directed to monitor the reviews on a monthly basis and provide routine reports on the compliance status of Community Service Office and Regional Office monitoring efforts to the Director of the CSD. Completed October 2002.• The ESA developed an enhanced supervisory review tool and provided statewide training to staff. Completed July 2003.• The CSD Director established supervisory childcare case audits as one of nine performance issues to be monitored with Regional Administrators (RA). Issues of non-compliance will be discussed with respective RA's during weekly phone calls designed to monitor regional performance. Completed February 2003.• In regard to Working Connections Child Care questioned costs identified by the State Auditor's Office, the ESA disagrees with the amount of the finding and with the Administration for Children and Families proposal to resolve this matter. Estimated completion is set for March 2004.• The Department will identify the funding sources in question and complete necessary collection action.						
		Completion Date:	Estimated, March 2004						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
02	9	<p>Finding: The Department of Social and Health Services, Economic Services Administration, is not in compliance with eligibility requirements for the Temporary Assistance to Needy Families (TANF) program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.558 <u>Amount</u> \$10,106</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Economic Services Administration (ESA) completed the following corrective actions and has received a final federal Letter of Determination that indicated HHS was satisfied with the actions taken (Letter of November 24, 2003 from HHS Regional Administrator):</p> <ul style="list-style-type: none"> • The ESA issued a field memo in March 2003 regarding interface alerts and protocols. Completed March 2003. • The Automated Client Eligibility System (ACES) refresher-training curriculum was completed. This course has been made available to regions for use in basic financial worker training. Completed August 2003. • The ESA has been working with other state agencies (Department of Corrections, Department of Labor & Industries and the Employment Security Department) to establish interfaces to verify data provided by the clients. The ESA is continuing these conversations to promote establishment of formal interagency agreements. Estimated completion is June 2004. • The HHS Letter of Determination stated the questioned costs totaling \$10,106 need not be returned because the findings did not constitute a violation of Federal law/regulations. As such, the state was not subject to penalty under TANF. <p>Completion Date: Estimated, June 2004</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
02	10	<p>Finding: The Department of Social and Health Services, Economic Services Administration, did not comply with federal cost principles for charging terminal leave payments.</p> <p>Questioned Costs: <u>CFDA #</u> 93.575 <u>Amount</u> \$37,673</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The DSHS has taken the following corrective action both at the central administrative level and at major division or program level:</p> <ul style="list-style-type: none"> • The DSHS has established a system/methodology to distribute all termination leave payments in a manner consistent with federal Office of Management and Budget (OMB) Circular A-87. • Questioned costs for terminal leave payments were reallocated according to required federal cost principles methodology. <p>Completion Date: March 2003</p>	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
02	11	<p>Finding: The Department of Social and Health Services, Medical Assistance Administration, has not established sufficient internal controls to ensure compliance with Medicaid provisions.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> \$430,682</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The following provides an outline of Department of Social and Health Services (DSHS) and its Medical Assistance Administration (MAA) corrective action by condition:</p> <p>Condition A. Payments made for persons with invalid social security numbers or made on behalf of deceased individuals.</p> <ul style="list-style-type: none"> • The DSHS is evaluating the option of having the Automated Client Eligibility System produce quarterly Social Security number (SSN) reports for staff to perform a comprehensive review. Estimated completion is June 2005. • A field memo was sent to Regional Administrators, Community Service Office Administrators and Financial Supervisors by the directors of the Community Services Division, the Division of Employment and Assistance Programs, and the Information Technology Division requiring staff to verify SSNs in the State On-Line Query system at the time of application. In addition, staff received instruction to respond to all alerts regarding mismatches and errors on SSNs and/or names. Completed in March and May 2003. • The DSHS is negotiating an interagency agreement with the state Department of Health (DOH) for data sharing. Estimated completion is set for June 2004. • The questioned costs identified in the audit will be reviewed for validity. Once reviewed, the DSHS will work with CMS on the return of any such funds. Estimated completion date is June 2004.
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
02	11	<p>Corrective Action:</p> <p>Condition B. Basic Health (BH) Plus</p> <ul style="list-style-type: none"> The DSHS has met with BH representatives to request that BH forward all changes in income level to MAA. Completed January 2003. The MAA developed an annual eligibility review that will replace the BH Household change form process. The annual eligibility review will be required for continued BH plus eligibility. Completed January 2003. The MAA developed a Job Operating Instructions manual to assist eligibility staff with detailed instructions on eligibility criteria. In addition, the MAA developed an audit plan, focusing on application/eligibility criteria. Completed January 2003. <p>Condition C. Provider Licensing</p> <p>The DSHS did not concur with this finding in either the Fiscal Year 01 or Fiscal Year 02 audits. The MAA received written verification from Karen O'Connor, CMS, stating they will not pursue the FY 02 overpayment. All questioned costs identified in the FY01 finding were determined to be unsubstantiated. Completed.</p> <p>Condition D. Provider Health and Safety Standards – Hospitals</p> <p>The MAA will establish procedures to be used when information is received from the DOH, the Aging and Disability Services Administration or other entities regarding compliance with health and safety standards. Estimated completion is set for June 2005.</p> <p>Condition E. Provider Health and Safety Standards – Nursing Homes</p> <p>The DSHS identified a more effective method of tracking the Denial of Payment Notice and implemented the method in November 2002. Completed.</p> <p>Completion Date: Estimated, June 2005</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	12	<p>Finding: The Department of Social and Health Services, Medical Assistance Administration (MAA), has not established sufficient internal controls to ensure compliance with Medicaid provisions regarding licensing and other eligibility criteria for its health care providers.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The MAA has completed the following corrective action:</p> <ul style="list-style-type: none"> • A new Core Provider Agreement (CPA) was approved and is now used with all new providers. • The MAA reviewed its procedures and controls with a Centers for Medicare and Medicaid Services (CMS) representative and CMS concluded that adequate controls were in place and operating effectively. <p>The DSHS received written verification from John Lynch, CMS, stating CMS would not require the state return any Federal funds because the review of this item concluded adequate controls were in place and the questioned costs were not substantiated.</p> <p>Completion Date: Estimated June 2005</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
01	13	<p>Finding: The Department of Social and Health Services, Medical Assistance Administration (MAA), has not established sufficient internal controls to ensure compliance with Medicaid provisions regarding recipient eligibility for health care services.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The DSHS received notification from Centers for Medicare and Medicaid Systems, in April 2003, stating the federal agency would not pursue finding 01-13 for ineligibles found and the associated costs identified.</p> <p>Completion Date: Estimated June 2005</p>	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	14	Finding:	The Department of Social and Health Services, Division of Alcohol and Substance Abuse (DASA), has not established sufficient internal controls over the federal Substance Abuse Prevention and Treatment Block Grant to ensure compliance with program requirements.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.959</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						
		Status:	Corrective action complete				
		Corrective Action:	The DSHS received a letter, from the federal Health and Human Services agency (HHS) dated November 29, 2001, accepting the agency’s corrective action. HHS concluded the audit segments assigned to the federal Substance Abuse and Mental Health Services Administration had been adequately addressed and no financial adjustment was required.				
		Completion Date:	November 2001				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
01	15	<p>Finding: The Department of Social and Health Services, Division of Child Support (DCS), did not comply with regulations for allowable and allocable costs in the Child Support Enforcement program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.563 <u>Amount</u> \$199,859</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The DCS completed the following corrective actions:</p> <p>Salaries and Benefits</p> <ul style="list-style-type: none"> • A policy memo was drafted and distributed. Personal activity reports were designed and distributed for staff to use. • With regard to ensuring compliance with federal payroll documentation regulations, the Division requested, through the Governor's Budget Office and the Legislature, that state funds be transferred to the Employee Services Division to cover the cost of non-DCS human resource staff charges. This was approved in the FY03 Budget. <p>Completed March 2003</p> <p>Accounts Payable</p> <p>Training on the federal circulars was provided to staff. In addition, detailed expenditure reports are produced periodically for management review to ensure payments for fines and penalties are coded to state only funding.</p> <p>Completed January 2002</p> <p>Printer Services</p> <ul style="list-style-type: none"> • Written instructions were developed and provided to staff. • The DCS worked with the Department of Printing to ensure adequate documentation is provided. <p>Completed June 2002</p> <p>Questioned Costs</p> <p>Questioned costs were returned to ACF on the quarterly report ending June 30, 2002.</p> <p>Completion Date: March 2003</p>	

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	16	<p>Finding: The Department of Social and Health Services, Vocational Rehabilitation Program (DVR), did not comply with federal regulations regarding client eligibility and allowable costs.</p> <p>Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: Finding 01-16 (a) - Strengthen training on eligibility determinations</p> <p>The finding dates back to an eligibility decision made in 1997. Actions taken since include:</p> <ul style="list-style-type: none"> • In November 1998, the DVR provided extensive training to all staff focused on eligibility determinations. • The DVR also revised policies and updated its case services manual to reflect current standards and procedures for conducting an assessment to determine eligibility and significance of disability. • The DVR also strengthened its eligibility training for new counselors. <p>Finding 01-16 (b) – Improve documentation of identification and legal work status</p> <p>Rehabilitation Academy training (in-service staff training) has been enhanced in the areas of identity and work status documentation.</p> <p>Finding 01-16 (c) – Strengthen procedures and revise manual to address client travel costs</p> <ul style="list-style-type: none"> • The DVR is updating its case services manual to clarify the circumstances under which receipts are required for reimbursement. The update is scheduled for release in February 2004. • The DVR restated, to the Department of Education, Rehabilitation Service Administration (RSA), its opposition to requiring gas receipts or mileage logs as unnecessary paperwork with marginal value. <p>In a program determination letter, dated November 7, 2002, the RSA, chose not to sustain the questioned costs related to this finding.</p> <p>Completion Date: Estimated, February 2004</p>

State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2003

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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June 30, 2003

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
01	17	<p>Finding: The State of Washington is not complying with subrecipient monitoring requirements for some of the federal programs it administers.</p> <p><u>Department of Social and Health Services (DSHS)</u></p> <table><tr><td>Questioned</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>Costs:</td><td>93.563</td><td>\$0</td></tr><tr><td></td><td>93.778</td><td>\$0</td></tr></table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The DSHS will take the following corrective action:</p> <ul style="list-style-type: none">The DSHS established an accounting policy board that is reviewing this issue. Outcomes will include an updated agency policy, program guidelines, and templates for monitoring subrecipients. <p>Completion Date: Estimated, June 2004</p>		Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.563	\$0		93.778	\$0
Questioned	<u>CFDA #</u>	<u>Amount</u>										
Costs:	93.563	\$0										
	93.778	\$0										

State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2003

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan		
01	18	Finding:	The State of Washington is not complying with suspension and debarment requirements for some of the federal programs it administers.	
			<u>Department of Social and Health Services (DSHS)</u>	
		Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>
			93.563	\$0
			93.566	\$0
			93.658	\$0
			93.778	\$0
		Status:	Corrective action complete	
		Corrective Action:	The DSHS has taken the following corrective action both at the central administrative level and at major division or program level:	
			<ul style="list-style-type: none">A standard clause addressing suspension and debarment has been included in all Client Services Contracts. Accordingly, certifications are obtained.	
		Completion Date:	June 2002	

State of Washington
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
00	1	<p>Finding: The DSHS' Division of Alcohol and Substance Abuse (DASA) has not established sufficient internal controls over the federal Substance Abuse Prevention and Treatment Block Grant to ensure compliance with program requirements.</p> <p>Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The DASA completed the following corrective actions, and has received a final federal Letter of Determination that indicated the federal department of Health and Human Services (HHS) was satisfied with the actions taken (Letter dated December 4, 2001, from HHS' Substance Abuse and Mental Health Services Administration, Financial Advisory Services office), on:</p> <ul style="list-style-type: none"> • Recording documentation and payment review; • Subrecipient monitoring; • Suspension and debarment compliance; • Suspension and debarment controls and procedures; and • Documenting peer review independence. <p>Completion Date: December 2001</p>	

State of Washington
Summary Schedule of Prior Audit Findings
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
00	2	<p>Finding: The DSHS' Division of Child Support (DCS) did not comply with regulations for allowable and allocable costs in the Child Support Enforcement (CSE) program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.563 \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: Corrective action has occurred in the following areas:</p> <p>Salaries and Benefits Corrective action has occurred as stated in finding 01-15.</p> <p>Committee Costs All program specific committee charges were reviewed and relocated as appropriate. Completed April 2001.</p> <p>Employee/Attorney Fees The training provided under Accounts Payable in finding 01-15 addressed payments to former employees and attorneys for fines and penalties (as a result of settlement agreements). All such payments are unallowable federal expenditures and are to be charged to non-matching state funds.</p> <p>Questioned Costs Questioned costs were returned to CSE on the March 31, 2002, quarterly OCSE-396A report.</p> <p>Completion Date: March 2003</p>

State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2003

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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Programs Within the Department of Social and Health Services
(DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan		
00	12	Finding:	The State of Washington is not complying with subrecipient monitoring requirements for some of the federal programs it administers.	
		Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>
			93.563	\$0
			93.778	\$0
		Status:	Corrective action in progress	
		Corrective Action:	Refer to 01-17	
		Completion Date:	Estimated, June 2004	

State of Washington
Summary Schedule of Prior Audit Findings
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																	
01	4	Finding:	The Employment Security Department did not comply with regulations for allowable and allocable costs for six of its federal programs.																
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.002</td><td>\$ 43,392</td></tr><tr><td>17.207</td><td>131,782</td></tr><tr><td>17.225</td><td>363,799</td></tr><tr><td>17.245</td><td>52,087</td></tr><tr><td>17.255</td><td>16,819</td></tr><tr><td>17.257</td><td><u>15,703</u></td></tr><tr><td>Total</td><td>\$623,582</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.002	\$ 43,392	17.207	131,782	17.225	363,799	17.245	52,087	17.255	16,819	17.257	<u>15,703</u>	Total	\$623,582
<u>CFDA #</u>	<u>Amount</u>																		
17.002	\$ 43,392																		
17.207	131,782																		
17.225	363,799																		
17.245	52,087																		
17.255	16,819																		
17.257	<u>15,703</u>																		
Total	\$623,582																		
		Status:	Corrective action in progress																
		Corrective Action:	<p>The ESD has re-issued time reporting guidelines to all management that must be followed by all employees. In addition, several management briefings have been conducted statewide to ensure there is good understanding of proper time reporting practices and their underlying principles. The ESD is currently in the process of transitioning to a new accounting system. As part of this transition, additional time reporting training will be occurring.</p> <p>The federal Department of Labor Grant Officer accepted the ESD proposed stand-in costs to satisfy the questioned costs of \$623,582 (documented in a final letter of determination dated August 8, 2003).</p>																
		Completion Date:	Estimated, June 2004																

State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2003

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
01	5	Finding:	<p>The Employment Security Department is not complying with client eligibility requirements for the Unemployment Insurance Program.</p> <p>Questioned Costs: <u>CFDA #</u> 17.225 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: Corrective actions taken included:</p> <ol style="list-style-type: none"> 1. Cases identified by the auditor where fraud is identified within a quarter are also screened for potential fraud in the prior and/or subsequent quarter. This procedural change was made in November 2001. 2. Reprogramming of the ESD cross match process (enabling cross match of quarterly wage information with unemployment benefit payment information) was completed October 24, 2001. 3. Consultation with Department of Labor Regional staff supported the ESD process to not send second notices to non-responding employers. <p>Based on the ESD corrective action, the federal Department of Labor Grant Officer closed the finding in a final letter of determination dated August 8, 2003.</p> <p>Completion Date: November 2001</p>

State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2003

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan		
01	6	Finding:	The Employment Security Department did not comply with cash management regulations for three federal programs.	
		Questioned Costs:	<u>CFDA #</u> 17.207 17.225 17.245	<u>Amount</u> \$0 \$0 \$0
		Status:	Corrective action complete	
		Corrective Action:	Agency personnel identified issues with cash management practices prior to the audit and took immediate action to correct their processes. Analysis was made to determine whether any state interest liabilities were incurred due to exceptions noted in this audit finding. On November 10, 2001, the Treasurer of the ESD, as part of the Cash Management Improvement Act process, certified that no state interest liabilities were reported for this audit period. The federal Department of Labor letter of determination, dated August 8, 2003, determined the corrective action complete, subject to monitoring by their Regional Office.	
		Completion Date:	November 10, 2001	

State of Washington
Summary Schedule of Prior Audit Findings
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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June 30, 2003

Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
00	6	Finding:	The Employment Security Department did not comply with regulations for allowable and allocable costs for the Unemployment Insurance, Wagner-Peyser and WorkFirst programs.										
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.207</td><td>\$195,689</td></tr><tr><td>17.225</td><td>511,904</td></tr><tr><td>93.558</td><td><u>64,518</u></td></tr><tr><td>Total</td><td>\$772,111</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.207	\$195,689	17.225	511,904	93.558	<u>64,518</u>	Total	\$772,111
<u>CFDA #</u>	<u>Amount</u>												
17.207	\$195,689												
17.225	511,904												
93.558	<u>64,518</u>												
Total	\$772,111												
		Status:	Corrective action in progress										
		Corrective Action:	<p>At the request of the federal Health and Human Services Department (HHS), additional supporting information regarding the five positions charged to the WorkFirst program was provided on November 7, 2001. The documentation satisfied HHS and the \$64,518 was removed from questioned status (Letter of Determination dated February 28, 2002). The remaining questioned costs of \$707,593 were removed when the Department of Labor accepted stand-in costs proposed by the ESD (Final Letter of Determination, August 8, 2003).</p> <p>The ESD has re-issued time reporting guidelines to all management that must be followed by all employees. In addition, several management briefings have been conducted statewide to ensure there is good understanding of proper time reporting practices and their underlying principles. The ESD is currently in the process of transitioning to a new accounting system. As part of this transition, additional time reporting training will be occurring. There has been improvement in the ESD time reporting as evidenced by the continuing reduction in the number of exceptions identified by the auditors and the resulting questioned costs.</p>										
		Completion Date:	Estimated, June 2004										